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7 **UNITED STATES DISTRICT COURT**
8 **FOR THE NORTHERN DISTRICT OF CALIFORNIA**
9 **SAN FRANCISCO DIVISION**

10 AMANDA HOUGHTON, CHARLES
11 DOUGLAS, and SUSAN FRANKLIN, on
12 behalf of themselves and all others similarly
13 situated,

14 Plaintiffs,

15 vs.

16 COMPOUND DAO, a California general
17 partnership; ROBERT LESHNER;
18 GEOFFREY HAYES; AH CAPITAL
19 MANAGEMENT, LLC; POLYCHAIN
20 ALCHEMY, LLC; BAIN CAPITAL
21 VENTURES (GP), LLC; GAUNTLET
22 NETWORKS, INC; PARADIGM
23 OPERATIONS LP,

24 Defendants.
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Case No. 22-cv-7781-WHO

**JOINT CASE MANAGEMENT
STATEMENT**

Case Management Conference

Date: October 31, 2023

Time: 2:00 PM

Courtroom 2 (videoconference)

Before the Hon. William H. Orrick

Pursuant to Civil Local Rule 16-9 and the Standing Order for All Judges of the Northern District of California – Contents of Joint Case Management Statement, the parties-to the above-captioned action hereby jointly submit the following Joint Case Management Statement.

1. Jurisdiction and Service

This Court has subject-matter jurisdiction over this Action under 28 U.S.C. § 1331 and 15 U.S.C. § 78aa. The parties do not object to venue or dispute personal jurisdiction.

The parties agree that Leshner, Hayes, AH Capital Management, Polychain, Bain, Gauntlet, and Paradigm (the “Individual Defendants”) have been served and the time within which they could contest service has passed.

As to service on “Compound DAO,” the parties disagree. Plaintiffs allege that Compound DAO is a general partnership and maintain that, under California law, a general partnership may be served by serving “a general partner.” Cal. Code Civ. Proc. § 416.40(a). Plaintiffs served Defendant Polychain Alchemy LLC, who Plaintiffs allege is a general partner in Compound DAO, with a summons directed to Compound DAO on December 14, 2022. Defendant Polychain Alchemy LLC contends it is not a general partner in the Compound DAO. Plaintiffs contend that they also served the Complaint on Compound DAO through the online mechanism that Compound DAO created to allow itself to be contacted by the public—namely, the “Compound Community Forum” (ECF 39). Plaintiffs filed a proof of service with the Court on December 16, 2022 (ECF 16). On January 4, 2023, Polychain sent a letter to Plaintiffs that Polychain contends rejected service on Compound DAO. Plaintiffs twice thereafter moved for entry of default against Compound DAO. (ECF 39, 83). Both times, the Clerk declined to enter default. (ECF 48, 84). Compound DAO has not answered or otherwise responded to the Complaint. The parties anticipate discussing how to proceed with the Court at the upcoming case-management conference.

2. Facts

Plaintiffs assert a federal securities claim under the Securities Act of 1933 on behalf of themselves and all other persons who purchased or obtained COMP tokens on or after December 8, 2021. The First Amended Complaint (“AC”) alleges, among other things, that Defendants are

1 liable under Sections 5 and 12(a)(1) of the 1933 Act for the sale and solicitation of sales of COMP
 2 without a registration statement in effect with the Securities Exchange Commission as to COMP.
 3 Defendants deny all of Plaintiffs' material factual allegations and also deny that they violated any
 4 federal securities laws. They refer generally to the statement of facts set forth in their motion to
 5 dismiss filed on May 12, 2023. *See* ECF No. 79.

6 **3. Legal Issues**

7 Plaintiffs contend that the primary legal issues in dispute are: whether COMP tokens are
 8 securities within the meaning of Section 2(a)(1) of the Securities Act, 15 U.S.C. § 77b(a)(1), *see*
 9 *S.E.C. v. W.J. Howey Co.*, 328 U.S. 293, 301 (1946); whether the Individual Defendants and/or
 10 the Compound DAO solicited the purchase of unregistered securities, in violation of Section 12 of
 11 the Securities Act; whether Defendants formed a general partnership to issue and sell COMP; and
 12 whether the Individual Defendants are general partners in the Compound DAO.

13 Defendants contend that the following primary legal issues also require resolution: whether
 14 Compound DAO is a general partnership under California law; who the members of the alleged
 15 Compound DAO partnership are; whether Plaintiffs, as alleged COMP token holders, are general
 16 partners of the alleged Compound DAO partnership and whether Plaintiffs would thus be jointly
 17 and severally liable for any alleged liability on the part of the purported partnership; whether
 18 partners can be liable under Section 12 of the Securities Act for acts of an alleged partnership;
 19 whether the Individual Defendants and/or the Compound DAO solicited the purchase of
 20 unregistered securities, in violation of Section 12 of the Securities Act; whether Plaintiffs can
 21 pursue a claim for direct liability under Section 12 against the Individual Defendants; whether a
 22 plaintiff can bring a claim for solicitation under Section 12 of the Securities Act based on an
 23 alleged solicitation the plaintiff did not see and was not aware of; whether a solicitation under
 24 Section 12 of the Securities Act must be a communication, as opposed to non-communicative
 25 conduct; whether Plaintiffs can prove a causal connection between the alleged solicitations and
 26 their purchases of COMP tokens; whether Plaintiffs can certify a class where the putative class
 27 members are, under Plaintiffs' own theory, also general partners in the alleged Compound DAO
 28

1 partnership based on their ownership of COMP tokens; whether Plaintiffs can recover damages
2 and, if so, the quantum of damages.

3 Plaintiffs dispute Defendants' loaded characterizations of the legal issues in dispute,
4 including the suggestion that Plaintiffs and/or absent class members are liable under Plaintiffs'
5 theory.

6 **4. Motions**

7 On February 6, 2023, Plaintiffs moved for appointment as lead plaintiffs and for the
8 appointment of undersigned as class counsel. ECF No. 47. The Court granted that motion on March
9 13, 2023. ECF No. 73.

10 On February 1, 2023 and June 22, 2023, Plaintiffs moved for entry of default as to
11 Compound DAO. ECF Nos. 39, 83. On February 7, 2023 and June 23, 2023, the Clerk declined
12 Plaintiffs' respective motions for entry of default. ECF Nos. 48, 84.

13 On May 12, 2023, the Individual Defendants jointly moved to dismiss the First Amended
14 Complaint against them. ECF No. 79. This Court denied that motion on September 20, 2023. ECF
15 No. 94. On October 13, 2023, Paradigm, Hayes, Leshner, AH Capital Management, Polychain,
16 and Bain each filed separate motions for leave to file a motion for reconsideration of the Court's
17 order denying the motion to dismiss. ECF Nos. 107-113. Gauntlet filed a motion for the same relief
18 the next business day. ECF No. 114. These motions for leave remain pending.

19 Plaintiffs anticipate moving for class certification and the Individual Defendants expect to
20 oppose any such motion.

21 The Individual Defendants anticipate moving for summary judgment and Plaintiffs will
22 oppose any such motion.

23 Lead Plaintiffs have selected and retained Susman Godfrey L.L.P. to serve as counsel for
24 the putative class alongside Fairmark Partners LLP and Gerstein Harrow LLP, subject to the
25 Court's approval. Lead Plaintiffs anticipate moving to appoint Susman Godfrey L.L.P. as co-lead
26 counsel.

1 **5. Amendment of Pleadings**

2 Plaintiffs filed their First Amended Complaint (“AC”), by stipulation, on March 31, 2023.
3 ECF No. 76. Defendants reserve their right to object to any further attempt to amend the AC and
4 also reserve their right to seek leave of the Court to amend their answer in the event Plaintiffs
5 amend the AC.

6 **6. Evidence Preservation**

7 The parties have reviewed the Guidelines Relating to the Discovery of Electronically
8 Stored Information and have met and conferred during the parties’ Rule 26(f) conference regarding
9 reasonable and proportionate steps to preserve evidence relevant to the issues reasonably evident
10 in this action.

11 **7. Disclosures**

12 Under Rule 26(a)(1)(C), initial disclosures will be exchanged on November 7, 2023.

13 **8. Discovery**

14 Discovery is open. To date, no discovery has been served. The parties are conferring
15 regarding a protective order and protocol for electronically stored information. The scope of
16 discovery may change if the Court grants any of the Individual Defendants’ pending motions for
17 leave to file a motion for reconsideration referenced above.

18 Lead Plaintiffs intend to conduct discovery into each of the eight Defendants’ solicitation
19 of COMP, Defendants’ relationship with Compound Labs, Defendants’ involvement in the
20 creation and management of Compound DAO, and Defendants’ (and Compound Labs’s)
21 communications concerning the same. Lead Plaintiffs also intend to conduct discovery concerning
22 damages. Third party discovery will likely include both document and deposition subpoenas to
23 Compound Labs and the exchanges on which COMP is traded.

24 Defendants intend to conduct discovery into Plaintiffs and/or third parties with respect to
25 both class certification and merits issues.

1 **9. Class Actions**

2 Lead Plaintiffs propose that a class be certified pursuant to Fed R. Civ. P. 23(a) and
3 23(b)(3). Lead Plaintiffs propose to file a motion for class certification as set forth in the proposed
4 schedule below. Defendants intend to oppose this motion. The Parties have reviewed the
5 Procedural Guidance for Class Action Settlements.

6 **10. Related Cases**

7 This case is not related to any pending cases.

8 **11. Relief**

9 Lead Plaintiffs, on behalf of themselves and all others similarly situated, seek damages
10 and/or rescission to the maximum extent authorized by applicable law. Plaintiffs also seek other
11 relief as this Court may deem just and proper and attorney's fees and costs. The Individual
12 Defendants maintain that Plaintiffs are entitled to no relief and that their claim lacks merit.

13 **12. Settlement and ADR**

14 No settlement discussions have taken place. The Parties have discussed the possibility of
15 settlement discussions and are in compliance with ADR L.R. 3-5, but believe that such settlement
16 discussions are premature at this time.

17 **13. Other References**

18 The parties do not believe this case is suitable for reference to binding arbitration, a special
19 master, or the Judicial Panel on Multidistrict Litigation.

20 **14. Narrowing of Issues**

21 The parties will consider issues that can be narrowed by agreement or by motion, as well
22 as potential means to expedite the presentation of evidence at trial.

23 **15. Expedited Trial Procedure**

24 The parties agree that this case is not suitable for handling under the Expedited Trial
25 Procedure of General Order No. 64.

26 **16. Proposed Case Schedule**

27 The parties propose the following schedules:
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Event	Plaintiffs' Proposal	Defendants' Proposal
Initial Case Management Conference	October 31, 2023	October 31, 2023
Initial Disclosures	November 7, 2023	November 7, 2023
Deadline to Amend Pleadings to add Parties or Claims pursuant to FRCP 15(a)(2)	November 4, 2024	April 5, 2024
Class Certification Motion	February 10, 2025	April 12, 2024
Opposition to Class Certification	March 24, 2025	June 14, 2024
Close of Fact Discovery	April 28, 2025	November 26, 2024
Reply in Support of Class Certification	May 5, 2025	July 19, 2024
Opening Expert Reports	May 26, 2025	January 24, 2025
Rebuttal Expert Reports	June 30, 2025	March 21, 2025
Close of Expert Discovery	August 25, 2025	May 2, 2025
Summary Judgment Motions	September 29, 2025	June 27, 2025
Summary Judgment Oppositions	November 24, 2025	August 22, 2025
Summary Judgment Replies	December 22, 2025	October 3, 2025
Dispositive Motion Hearing	March 5, 2026	November 12, 2025
Final Pretrial Conference	June 11, 2026	March 2, 2026
Trial	July 13, 2026	March 23, 2026

17. Trial

This case will be decided by a jury trial. Plaintiffs currently estimates the trial in this case to last 10-14 days.

18. Disclosure of Non-Party Interested Entities or Persons

Pursuant to Civil L.R. 3-15, Plaintiffs filed a Certification of Interested Entities or Persons ("Certificate") on December 8, 2022 (ECF 2). Defendant Paradigm Operations LP filed its Certificate on January 6, 2023 (ECF No. 33). Defendant AH Capital Management, L.L.C. filed its Certificate on February 21, 2023 (ECF No. 52). Defendant Polychain Alchemy, LLC filed its Certificate on February 27, 2023 (ECF No. 66). Defendant Bain Capital Ventures (GP), LLC filed

its Certificate on March 13, 2023 (ECF No. 72). Defendants Leshner, Hayes, and Gauntlet Networks, Inc. filed their Certificate on October 23, 2023 (ECF Nos. 116, 117, 118).

As required by the Standing Order, the Parties restate here any entities having either (i) a financial interest in the subject matter in controversy or in a party to the proceeding; or (ii) any other kind of interest that could be substantially affected by the outcome of the proceeding. For Plaintiffs: Counsel for Plaintiffs. For Defendant Paradigm Operations LP: Fred Erhsam, Matt Huang, and Paradigm Operations GP LLC. For Defendant AH Capital Management, L.L.C.: No persons or entities. For Defendant Polychain Alchemy, LLC: No persons or entities. For Defendant Bain Capital Ventures (GP), LLC: Bain Capital Ventures, LP. For Defendant Leshner: No persons or entities. For Defendant Hayes: No persons or entities. For Defendant Gauntlet Networks, Inc.: No persons or entities.

19. Professional Conduct

All attorneys of record have reviewed the Guidelines for Professional Conduct for the Northern District of California.

20. Other Matters

The Parties currently have no other matters to address.

Respectfully submitted,

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/s/ Jason Harrow

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